

MEMORANDUM FOR:

Ben Evans
Approved For Release
Executive Sec

2002/01/03 : CIA-RDP79M00467A000300070025-5

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Herewith, finally, a draft recommendation
on Audit Staff procedures. Any comments will
be welcomed. I assume you will show it to

[REDACTED]

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[REDACTED]

D/DCI/NI

Date 9 November 1976

FORM 5-75 101 USE PREVIOUS EDITIONS

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Executive Registry
76-8410/3

DRAFT: 9 Nov 76

MEMORANDUM FOR: Deputy Director of Central Intelligence
 FROM : [REDACTED]
 Deputy to the DCI for National Intelligence
 SUBJECT : Personnel Procedures in the Audit Staff

1. In a memorandum dated 20 July you asked us to review the procedures used in ranking and promotion of auditors. You made this a part of your decision on the EEO case brought by [REDACTED] and ordered that [REDACTED] participate in our review if he so chose. The Director, EEO has informed us that [REDACTED] has declined this offer. Accordingly, he has not participated.

2. You asked that this review be completed in 45 days. Subsequently you approved [REDACTED] verbal request for release from this deadline. The press of higher-priority business has prevented a response until now.

3. Our findings on the evaluation process are as follows:

A. Essentially, the problem involves a dilemma.

The Audit Staff must be administratively insulated from the organizations it audits if it is to maintain the integrity and objectivity of its reports.

But this insulation, when applied to a very small, specialized organization with low turnover, means

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that the normal avenues of relief for incompatibilities among personnel -- transfer or rotation -- are largely closed off. There is a danger that under such circumstances certain unhappy individuals will see a personnel evaluation system administered by a small and stable group of their own supervisors as unfair, no matter how fair it is in actuality.* It should be noted that we believe the senior officers of the Audit Staff ^{Have} ~~has~~ been conscientious in carrying out these responsibilities.

B. The present rating procedures for auditors through GS-14 are as follows:

-- Supervisors prepare Fitness Reports on employees in accordance with normal Agency practice.

-- A Panel of seven Audit Staff supervisors competitively ranks the auditors in each grade, using an elaborate numerical system.

-- Fitness reports and competitive rankings are furnished to Panel "D" of the Executive Career Service Board, which is responsible for auditors, accountants,

*In addition to our examination of Agency procedures, we made inquiries of NSA and State to see if they had parallel problems and therefore useful ideas for handling them. Unfortunately, neither agency was in a comparable situation.

budget officers, etc., assigned to the E Career Service. This Panel then ranks and categorizes the auditors in each grade.

Since most officers in the DCI area remain -- in accordance with Agency policy -- in their Directorate Career Services, this means that in practice Panel D is responsible only for the Audit Staff. It is made up of two Audit Staff supervisors and one officer from another element of the DCI area. One or both of these Audit Staff supervisors also serve on the Audit's internal panel.

C. We believe there is no substitute for personal knowledge of performance if a ranking exercise is to be effective and fair. The present system provides that, but also carries the danger alluded to above. Small groups of officers (the largest is 10 authorized GS-13s) are evaluated by a small group of their own supervisors. The outsider sitting on Panel D does not have the knowledge to dispute the views of his colleagues. (A review of fitness reports on GS-14 auditors demonstrates that they do not provide the basis for competitive ranking by an outsider.) We have therefore looked for ways to enlarge the pool of personnel to be assessed and to provide a more independent voice in the ranking Panel, without sacrificing the personal knowledge principle.

D. The E Career Service Board is considering a

change in ¹⁷³the Panel system which would substitute panels by organization for panels by specialty. Under this proposal, there would be a panel for the Office of the Inspector General as a whole, including the Audit Staff. This would not, however, substantially enlarge the pool because very few inspectors are in the E Career Service, nor are they readily comparable with auditors. The pool could also be enlarged by grouping the auditors with the Office of Finance for ranking purposes, but under present circumstances this would seriously compromise the independence of the Audit Staff and we do not recommend it. Once the GAO is effectively auditing the Agency, however, this proposition might well be reexamined. Finally, the pool might be enlarged by ranking auditors and accountants Agency-wide. There are some 190 officers with degrees or certificates in accounting. We judge this avenue to be impractical. Many of the 190 are in jobs that do not require auditing skills, and there are great difficulties in competitively evaluating personnel not under common supervision of any kind.

E. While the proposed revision of the E Career Service organization will not enlarge the pool, it will make it possible to leaven the evaluating group by assigning senior inspectors as well as audit supervisors to it. Future routine inspections to the extent possible will be

conducted jointly or concurrently with audits. Thus the inspectors will have the kind of personal knowledge necessary for such an assessment. At present, the one place where there exists a broad knowledge of auditor performance outside the audit staff in in the Office of Finance, but it is hard to see how this knowledge could be tapped without compromising the independence of the audit process.

4. We recommend:

-- That the Audit Staff's present internal ranking system be continued.


-- That these rankings be provided to the E Career Service Panel responsible for the final rankings.

-- That this Panel consist of a senior Inspector as Chairman, one Audit Staff representative, and one outsider.

5. The reduction of Audit Staff representatives on the Career Service Panel from two to one is more than a cosmetic change. At present the one outsider has no way of making an independent judgment. Moreover, he can be outvoted by his two Audit Staff colleagues. Under the proposed arrangement, he will have available the Audit Staff view and an independent Inspection Staff view. Should these differ, he is in a position to probe more deeply and to cast the deciding vote.

6. Although it does not relate to competitive evaluation practices, we note ~~that~~ the Audit Staff's requirement that transfer or

rotation of personnel in or out be accompanied by a change of career service. effectively closes one safety valve for personnel tensions, AND
Under present Directorate personnel practice, this practically guarantees that the Audit Staff will be introverted. As noted above, we support the principle that the independence of the Audit Staff requires a degree of insulation, but we believe that absolute adherence to the letter of this principle is unnecessary and even harmful. We recommend that transfers and rotations in and out of the Audit Staff be permitted and encouraged without change of career service, at least through GS-12.


Chairman, Executive Career Service ~~Panel~~ Board

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John Waller
Inspector General